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SUBJECT: REQUEST FOR FY 2005 LABOR SECTOR SUPPORT IN MOZAMBIQUE

REF: a. MAPUTO 713

b.03 Maputo 1275

1. This is an Action Request. See paragraph 8.

2. SUMMARY. The Mission, the Mozambican Minister of Labor, labor unions, and private sector leaders would like continued USG support for labor projects in Mozambique in FY05. In particular, there is an urgent need to continue the USDOL-funded "Improving Industrial Relations in Mozambique" project that provides labor mediation training and support to government officials, union groups, and the private sector. END SUMMARY.

3. In 2003-2004, the Mission, in coordination with USDOL ILAB, State - DRL/IL, and the regional labor officer, organized several successful events on labor issues in Mozambique. These events included training courses on labor mediation and industrial-based bargaining, an HIV/AIDS prevention-in-the-workplace program, a visit by the Director and Deputy Director of the Federal Mediation and Conciliation Service (FMCS), an 80-person seminar on improving labor relations in Mozambique, and authorship of the book, "Labour Relations in Mozambique." In addition, during this period the USG supported a confederation of business associations pushing policy change in the legal system to create a more attractive business and investment climate (Ref A).

4. During this period the USG, specifically USDOL/ILAB, supported labor mediation training for a group of 30-40 representatives from the private sector, labor unions, and the government. The seminar was taught by FMCS personnel, who visited Mozambique on four separate occasions. Those receiving the training were solely from the capital city, Maputo. Although some of those trained took their knowledge "on the road" to train employees in the central provinces of Sofala and Manica, without funds or adequate teaching skills, this effort was minimal. Nevertheless, the program has received high praise repeatedly from the Minister of Labor, leaders of the commercial arbitration center (CACM), union leaders and members, and employers (Ref B). The timing of the labor arbitration training was key, as it coincided with dialogue on labor law reform.

5. The GRM is currently considering revisions of the Mozambican labor law. Areas under discussion for revision include provisions on hiring foreign labor, the system of labor inspections, and the need for labor arbitration centers. However, to date the only proposed bill receiving unanimous support from government, unions and the private sector deals with labor arbitration. Currently only a limited number of labor disputes are subject to arbitration, and then via procedures that neither employers nor unions find attractive. Moreover, even though the law provides for their creation, at present no labor arbitration courts have been set up. This has led to the creation of a substantial backlog of labor cases awaiting decisions. Mozambique compares unfavorably in this regard with other countries in the region, all of which have functioning labor courts and well-developed alternative dispute resolution (ADR) forums.

6. It appears likely that the GRM will approve the labor mediation bill and implement new labor legislation by late 2005. The GRM then will require assistance in establishing new labor mediation centers and training mediators.

7. Comment: Changes to permit liberal access to labor arbitration in Mozambique are long overdue, however progress is being made. There now is a clear opportunity for the USG to support the GRM in making the transition to a labor system that includes labor mediation practices for government, unions, and the private sector. The groundwork that the USDOL has already laid through its labor mediation training (para 4 above) is excellent preparation for further developing labor mediation in Mozambique. In July, the Ambassador visited with USDOL/ILAB staff to demonstrate the Mission's desire to see the program continue.

8. Action Request: Mission requests USDOL continue funding for the "Improving Industrial Relations in Mozambique" program. Mission also requests guidance from DRL/IL regarding the availability of Department resources to support training

in labor mediation.  
LA LIME